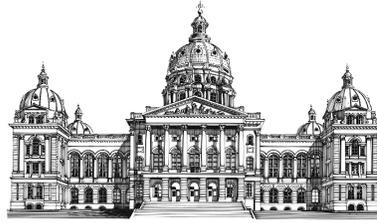

Iowa Legislative Fiscal Bureau

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State Capitol
Des Moines, IA 50319
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Iowa State University 3x5 Program

ISSUE

A review of the use of the appropriation for the Iowa State University (ISU) 3x5 Program, the comprehensive agricultural research program that funding was initiated for in FY 1990 and completed in FY 1995.

AFFECTED AGENCY

Iowa State University (ISU), of the State Board of Regents

CODE AUTHORITY

Section 262.9, Code of Iowa

BACKGROUND

Beginning in FY 1990, the Iowa General Assembly initiated the funding for a comprehensive agricultural research program at ISU, often referred to as the 3x5 Program. The "3x5" name was developed due to the original financial goal of \$3.0 million new funding over a five-year period for a grand total of \$15.0 million. Due to State budget limitations and budget reductions during this period, \$13.4 million of new funding was appropriated over a six-year period.

The original mission of the 3x5 Program was progress towards certain economic, environmental, and social goals. Each year when new funding was added to the Agricultural Experiment Station, a budget was developed for the 3x5 Program, exclusive of the year before. Five years of budget documentation was provided upon request, representing FY 1990 through FY 1995. Since the Program did not receive additional money in FY 1992, this **Review** does not include references to that year. University representatives indicate that the use of funding categories delineated in **Table 1** for FY 1990 - FY 1995 represent approximately the use of funding in FY 1996 and future years. **Attachment I** provides a year-by-year review of expenditures by the various departments which were provided new funding from the 3x5 Program.

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CURRENT SITUATION

Representatives of ISU indicate the original mission of the 3x5 Program continues at the current time. **Table 1** reviews by year the funds assigned to the four general areas within the Program, and an overall total.

Table 1**Use of 3x5 Program Funding**

General Area	1990	1991	1993	1994	1995	Total
Basic Biotechnology and Molec. Biology	33.67%	55.99%	30.80%	22.86%	15.18%	33.35%
Public Policy and Rural Develop.	30.86	14.19	14.39	27.36	21.36	20.24
Utilization and Agric. Commod.	14.57	12.93	23.05	14.92	23.72	17.69
Sustainable Ag and Environment	20.90	16.88	31.76	34.86	39.74	28.72

The four areas include:

- Basic Biotechnology and Molecular Biology: Investments in plant and animal research and laboratories.
- Public Policy and Rural Development: Assisting private citizens and public officials to interpret public policies and private actions.
- Utilization and Agricultural Commodities: Lowering the percentage of raw commodity exports and increase the percentage of higher-value exports.
- Sustainable Agriculture and Environment: Building a more broad, integrated approach to helping farmers assess the effects of management alternatives.

POSSIBLE AREAS OF INTEREST

Table 2 provides a few items of interest by fiscal year which are not included in **Attachment I**. The amounts specified within **Table 2** are not included within **Attachment I**. The two added together equal the amount representatives of ISU concluded were appropriated for the 3x5 Program. Although the figures do not totally agree with Legislative Fiscal Bureau tracking by year, the grand total differs by less than \$100,000, and for purposes of this **Review**, the numbers provided by ISU are used. Due to across-the-board reductions as well as targeted deappropriations and internal reallocations, it was not possible to derive an agreed upon total appropriation for the 3x5 Program since it was merged with the Agricultural Experiment Station appropriation by ISU.

Table 2

Particular Expenditures within the 3x5 Program

Expenditure	1990	1991	1993	1994	1995	Total
Admin. Charges	\$167,349		\$20,000	\$351,138		\$538,487
Utilities	85,000					85,000
Salaries		\$530,831	125,000	141,900	\$75,000	872,731
Min. Program				48,000		48,000
Swine Center				175,000	125,000	300,000
Admin. Expense					195,356	195,356
Total	\$252,349	\$530,831	\$145,000	\$716,038	\$395,356	\$2,039,574
Attachment I	1,147,651	3,169,169	2,700,742	2,283,962	2,104,644	11,406,168
Grand Total	\$1,400,000	\$3,700,000	\$2,845,742	\$3,000,000	\$2,500,000	\$13,445,742

Administrative Charges: The representatives of ISU indicate that all administrative charges relate to the Agricultural Experiment Station and not general administration. This annual \$538,487 is in addition to the annual allocation of \$5.5 million used for salaries of the \$13.4 million appropriation.

Utilities: The representatives of ISU indicate that this \$85,000 was used to open the remodeled portion and addition to the Dairy Industries Building.

Underfunding of Salaries: The Legislative Fiscal Bureau has reviewed the salary allocations received by Iowa State University and between FY 1991 and FY 1995, the general university operating budget received \$9.9 million in excess of actual salary expenditures. This was during the same time that ISU used \$872,731 off-the-top of the new funding for the 3x5 Program for a salary shortfall. Representatives of the University indicate that \$325,333 (in FY 1991) of the \$872,731 was for utility costs related to the Center for Crop Utilization Research (CCUR) and for the Agronomy Building Addition. Another \$100,000 was for equipment purchases, therefore using \$447,398 for a non-existent salary shortfall.

Minority Program: This Program is in conjunction with the 1890 Land Grant Universities located in the southern United States, to provide summer internships, faculty development, and tuition scholarships to attract minorities into agricultural programs at ISU. The year of 1890 reflects the timing of the establishment of the Universities.

Swine Industry Center: When this Center was approved by the Board of Regents in 1994, the information provided to the Board indicated that no new funding was necessary to operate the Center. The University indicated it would use the existing resources and outside grants. The 3x5 Program has contributed \$300,000 annually to the Center since that time as well as an FY 1997 appropriation by the General Assembly for an additional \$100,000 for an annual funding of \$400,000. Another \$20,000 is budgeted from the Healthy Livestock Program appropriation.

Administrative Current Expense: This is a pool of funds used in strategic areas as determined necessary.

PERSONNEL COSTS

Table 3 provides a personnel cost to the 3x5 Program which shows by year the percentage of the appropriation placed within the categories of research assistantships, faculty positions, and staff support positions. There are personnel costs also associated with a category of "Special Allocations" which are not easily identified and are not included within **Table 3**. The dollars represent all three categories of the funds appropriated and the percentages represent all three

categories of personnel compared to the total new appropriation for each year. The totals represent the same compared to the overall budget provided by ISU.

Table 3
Personnel Costs Attributed to the 3x5 Program

Category	1990	1991	1993	1994	1995	Total
Personnel	\$593,999	\$1,040,169	\$883,542	\$1,553,381	\$1,477,644	\$5,548,735
% of Total Appropriation	42.43%	28.11%	31.05%	51.78%	59.11%	41.27%

REALLOCATION DETERMINATION

The representatives of ISU have provided a partial listing of employees paid for by the 3x5 Program appropriation. The list includes a number of FTE positions which were already employed by ISU in some capacity. A determination as to whether these shifted employees were replaced at the salary previously paid to the one holding the position, paid at a salary greater or lesser than previously paid, or not replaced is difficult. It is possible that some of the previous salary funds now used to employ staff of the 3x5 Program were internally reallocated for other purposes determined by the administration and approved by the Board of Regents, essentially supplanting funds rather than supplementing the budget with the new funds. For example, at the 1996 July Board of Regents meeting the Board approved the FY 1997 internal budget, which included \$6.6 million of internal reallocations. This reallocation process has taken place for several years.

ALTERNATIVES

The General Assembly may wish to review the:

- Four categories of expenditures within the 3x5 Program, and alter if desired to change the priorities previously established.
- Limit the amount of the administrative costs and salary funding used from the \$13.4 million appropriation for the 3x5 Program.
- Require an annual report to review the outcomes produced by the 3x5 Program and review the previously established priorities periodically.

BUDGET IMPACT

None of the alternatives would have a budget impact if the General Assembly changed the priorities and permitted ISU to retain all of the funds while using them for different purposes.

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IOWA STATE UNIVERSITY 3x5 PROGRAM USE OF STATE APPROPRIATION

Department	1990	1991	1993	1994	1995	Total
Economics	\$77,624	\$167,400	\$45,175	\$26,000	\$160,000	\$476,199
Animal Ecology	55,000	30,000	30,000	30,000	84,000	229,000
Botony	25,000	3,000				28,000
Biochemistry	123,447	18,000	16,000	47,591	113,000	318,038
Genetics/Zoology	193,466	28,000	29,000	115,105	79,000	444,571
Sociology	118,459	17,000	23,500	52,085	89,240	300,284
Statistics	1,000	9,000	3,000	17,000	35,000	65,000
Engineering	2,800	44,000	40,000			86,800
Agronomy	78,799	134,000	88,000	135,000	25,000	460,799
Animal Science	40,886	44,000	65,000	66,000	150,000	365,886
Microbiology	4,606	42,000			189,000	235,606
Food Technology	42,019					42,019
Entomology	3,050	25,000	65,000	240,500	115,000	448,550
Forestry	1,150	23,000	12,000	14,000	60,000	110,150
Family and Consumer Science	1,600	5,000		30,000	22,100	58,700
Horticulture	12,500	14,000	159,996	142,000	30,000	358,496
Information Services	78,000	15,000	40,000	39,340		172,340
Plant Pathology	3,700	133,000	115,000		81,567	333,267
Meat Export Research Center	9,501	34,000				43,501
Center for Crop Utilization Research	7,360	15,000				22,360
Center for Agriculture Rural Development	5,559	27,000	26,000		75,000	133,559
Agriculture Education	23,585	14,000	20,369	40,000	22,000	119,954
Environment Task Force	9,000					9,000
CholeCystoKinin Studies	2,500					2,500
Iowa Beef Industry	18,000					18,000
Adams County	2,000					2,000
USSR Exchange	40,000					40,000
Rural Health Center	58,040	79,000		30,000	54,300	221,340
Renovation, Repair, and Alteration	100,000		200,000	468,569	150,000	918,569
Biotechnology Council		1,600,000	100,000			1,700,000
Food Science and Human Nutrition		54,769	90,000	44,500	25,000	214,269
Seed Science Center		41,000	10,000	30,000	54,737	135,737
Research Support Service		8,000		21,722		29,722
Outlying Research Center		25,000		60,000	215,200	300,200
Utilization Center for Agricultural Products		50,000	150,000	70,000		270,000
Agricultural Engineering		176,000		64,550	50,000	290,550
Computer Support		135,000			23,000	158,000
Innovative Grants		150,000				150,000
Ankeny Dairy Farm			40,000			40,000
Chinese Pig Project			50,000			50,000
Faculty Start-ups			239,000			239,000
Biotechnology			100,000			100,000
Lab Animal Resources			10,000			10,000
Agricultural Development			15,000			15,000
Farm Services			105,000			105,000
Agricultural Administration			20,000			20,000
Independent Crop Science Congress			5,000			5,000
Molecular Cell Development Biology			3,500			3,500

IOWA STATE UNIVERSITY 3x5 PROGRAM USE OF STATE APPROPRIATION

Department	1990	1991	1993	1994	1995	Total
T. Tipton			1,000			1,000
Women in Science Program			10,000			10,000
Farm Land Ownership Study			40,000		6,500	46,500
I.M. Sande			55,000			55,000
Unassigned Equipment			679,202			679,202
Microbiology, Immunology, and Prev. Med.				76,000		76,000
Instrumentation Center				5,000		5,000
Rural Development				304,000		304,000
Toxicology				3,000		3,000
Agriculture & Biosystems Engineering				112,000		112,000
Economic Farm Management					48,000	48,000
Kellogg Farm Equipment					50,000	50,000
Agriculture Experiment Station					80,000	80,000
Other Miscellaneous	9,000	9,000	0	0	18,000	36,000
Grand Total	\$1,147,651	\$3,169,169	\$2,700,742	\$2,283,962	\$2,104,644	\$11,406,168